

September 13, 2006

HONEY CREEK PREMIERE DESTINATION STATE PARK RESORT
OUTLINE OF REMARKS – BY ARNIE SOHN
A PRESENTATION TO THE LEGISLATIVE FISCAL COMMITTEE

1. Project Description

The Site

The Facilities

Plans and Planning to Date

- Shive-Hattery Statewide Assessments
- SmithGroupJJR, Master Plan
- Chariton Valley RC&D
- Economics Research Associates, Market Study/Financial Proformas
- Dr. Thomas Rosburg, Drake University, Biological Assessments
- Dorsey and Whitney Law Firm, Contract Negotiations
- Public Financial Management Group, Des Moines—Bond Authority Advisor
- Faegre and Benson, Des Moines, Bond Counsel
- William Bird Companies, Chicago—Bond Underwriters

2. Key Partners, Past, Present and Future

- US Army Corps of Engineers
- Rathbun Lake Resort, Inc. (RLR)
- Appanoose County
- Monroe County
- Rathbun Regional Water Association
- Chariton Valley Electric Cooperative
- Iowa Telecom
- Indian Hills Community College
- ADLM (Regional Wastewater Planning and Design)

3. Private Management Partner—Regency Hotel Management, Sioux Falls, SD

4. Construction Manager, Designer, Engineer---TSP Engineering, Sioux Falls, SD

TSP Design Team Members

- Brian Clark and Associates, Landscape Architects, Des Moines, IA
- Ehrhart Griffin Associates, Civil Engineering, Omaha, NE
- Iowa State University, Storm Water and Water Quality, Ames, IA
- Herfort-Norby, Golf Course Architects, Chaska, MN
- Garry Brandenburg, Conservation Consultant, Albion, IA

5. Private matching fund requirements/status

6. Bond Authority Status and Timetable

7. Construction Timetable

8. Ground Breaking Ceremony—October, 2006

9. Grand Opening—Memorial Day Week End, 2008

Updated August 4,2006

	Construction Costs	Quarterly Costs
April	\$63,186	
May	\$149,311	\$815,876
June	\$603,379	
July	\$761,378	
August	\$544,445	\$1,443,789
September	\$137,966	
October	\$258,876	
November	\$1,251,138	\$3,612,772
December	\$2,102,758	
January	\$2,582,461	
February	\$1,842,592	\$5,842,909
March	\$1,417,856	
April	\$2,220,783	
May	\$3,190,353	\$9,247,543
June	\$3,836,407	
July	\$3,278,563	
August	\$3,047,506	\$9,118,805
September	\$2,792,736	
October	\$1,948,927	
November	\$1,607,916	\$4,821,903
December	\$1,265,060	
January	\$1,310,716	
February	\$1,251,138	\$2,998,573
March	\$436,719	
April	\$291,146	
May	\$281,684	\$572,830
TOTAL	\$38,475,000	\$38,475,000

Honey Creek Resort State Park
Rathbun Lake, IA
TSP Project No. 04060315
Construction Cost Analysis

Phases			Scope/Facility	Construction Estimate					Comments
RFI/RFQ	RFP	Contract		RFI/RFQ	RFP	RFP Response	RFP Response	Pre Design	
						Low	High		
N/A	1	1	Electric Infrastructure	N/A	500,000	500,000	500,000	877,170	In Kind by Charity Valley Electric/Not Included in Totals
N/A	1	1	Water Infrastructure	N/A	500,000	500,000	500,000	928,595	In Kind by Rathbun Rural Water/Not Included in Totals
N/A	N/A	1	Communication Infrastructure	N/A	N/A	N/A	N/A	250,000	In Kind by Iowa Telecom/Not Included in Totals
1	1	1	Waste Water System	2,100,000	2,100,000	1,600,000	1,800,000	2,158,888	
1	1	1	Maintenance Building	1,000,000	1,000,000	600,000	800,000	400,000	
1	1	1	Boat Ramp and Docks	1,400,000	1,400,000	700,000	900,000	1,400,000	
1	1	1	Spur Roads	400,000	400,000	400,000	400,000	400,000	
1	1	1	Golf Course	5,900,000	5,900,000	5,735,500	6,100,000	4,857,237	
1	1	1	Lodge/Aquatic Center/ Conference Facility	17,300,000	17,300,000	12,805,000	15,425,000	14,318,450	
1	1	1	Cabins	4,200,000	4,200,000	4,440,000	5,180,000	4,025,000	
1	1	N/A	Paving	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
1	1	1	Landscaping	1,000,000	1,100,000	1,100,000	1,100,000	500,000	
			Total Phase 1	35,300,000	36,400,000	30,380,500	34,705,000	30,059,575	
			Budget Phase 1	35,300,000	36,400,000	36,400,000	36,400,000	34,395,000	
			Contingency	0	0	6,020,000	1,695,000	4,335,425	
1	1	1	Clubhouse	5,900,000	5,900,000	5,735,500	6,100,000	600,000	
N/A	N/A	1	RV Campground (20 Sites)	N/A	N/A	N/A	N/A	650,000	Not Included in RFP Budget / Masterplan Budget 1,480,000
1	1	1	Landscaping	1,000,000	1,100,000	1,100,000	1,100,000	500,000	
1	1	1	Maintenance Building	1,000,000	1,000,000	600,000	800,000	300,000	
			Total Phase I Alternates					2,050,000	
2	N/A	2	Day Use/Picnic	1,350,000	N/A	750,000	900,000	825,000	
2	N/A	2	Activity Building	540,000	N/A	450,000	540,000	450,000	
2	2	2	Trails	1,850,000	5,000,000	N/A	N/A	3,425,000	
2	N/A	N/A	Parking/Paving	900,000	N/A	N/A	N/A	900,000	
2	2	2	Pedestrian Bridge	1,800,000	5,000,000	3,000,000	3,500,000	3,500,000	
2	N/A	N/A	Art in Public Places	238,000	N/A	N/A	N/A	238,000	
			Total Phase 2	6,678,000	10,000,000	4,200,000	4,940,000	9,338,000	
			Budget Phase 2	6,678,000	10,000,000	10,000,000	10,000,000	10,000,000	
			Contingency	0	0	5,800,000	5,060,000	\$662,000	

Cash Flow Analysis, Honey Creek Combined Lodge & Golf Course												
												June 5, 2006
			May 24, 08	Jul-2008	Jul-2009	Jul-2010	Jul-2011	Jul-2012	Jul-2013	Jul-2014	Jul-2015	Jul-2016
Key Performance Indicators:			Jun 30, 08	Jun-2009	Jun-2010	Jun-2011	Jun-2012	Jun-2013	Jun-2014	Jun-2015	Jun-2016	Jun-2017
Lodge Rooms			105	105	105	105	105	105	105	105	105	105
Cabins			28	28	28	28	28	28	28	28	28	28
Indoor Water Park (SF)			15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Days Available			38	365	365	365	365	365	365	365	365	365
Lodge Occupancy %			79%	58%	59%	60%	60%	60%	60%	60%	60%	60%
Cabin Occupancy %			71%	54%	56%	56%	56%	56%	56%	56%	56%	56%
Room Nights Sold			3,222	22,075	22,612	22,995	22,995	22,995	22,995	22,995	22,995	22,995
Cabin Nights Sold			1,001	5,519	5,723	5,723	5,723	5,723	5,723	5,723	5,723	5,723
Total Rooms Sold			4,223	27,594	28,335	28,718	28,718	28,718	28,718	28,718	28,718	28,718
Average Room Rate			\$125.74	\$120.60	\$123.00	\$126.00	\$129.15	\$132.38	\$135.69	\$139.08	\$142.56	\$146.12
Average Cabin Rate			\$272.41	\$260.00	\$275.00	\$287.50	\$300.00	\$307.50	\$315.19	\$323.07	\$331.14	\$339.42
Non-Lodge Water Park Visits			750	6,000	7,500	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Admission to Water Park			\$10.00	\$10.00	\$10.25	\$13.00	\$13.33	\$13.66	\$14.00	\$14.35	\$14.71	\$15.08
Revenue												
Room Revenue			\$405,134	\$2,662,302	\$2,781,245	\$2,897,370	\$2,969,804	\$3,044,049	\$3,120,151	\$3,198,154	\$3,278,108	\$3,360,061
Cabins Revenue			\$272,682	\$1,434,888	\$1,573,880	\$1,645,420	\$1,716,960	\$1,759,884	\$1,803,881	\$1,848,978	\$1,895,203	\$1,942,583
Food & Beverage and Conference Center			\$152,366	\$995,592	\$1,041,274	\$1,182,903	\$1,211,046	\$1,238,616	\$1,271,642	\$1,303,232	\$1,336,258	\$1,369,284
Other Revenues			\$15,878	\$103,753	\$109,203	\$113,379	\$116,079	\$118,778	\$121,478	\$124,177	\$126,877	\$129,577
Golf Course			\$80,000	\$280,000	\$348,500	\$378,225	\$387,681	\$397,373	\$407,307	\$417,490	\$427,927	\$438,625
Water Park Daily Visits			\$11,487	\$75,056	\$112,490	\$121,478	\$124,637	\$127,796	\$130,955	\$134,114	\$137,560	\$141,006
Food & Bev -- Water Park Visits			\$2,660	\$17,384	\$27,627	\$28,000	\$28,431	\$29,293	\$30,154	\$30,872	\$31,590	\$32,452
TOTAL REVENUE			\$940,208	\$5,568,975	\$5,994,218	\$6,366,775	\$6,554,638	\$6,715,789	\$6,885,568	\$7,057,018	\$7,233,523	\$7,413,587
Operating Expenses												
Pre Opening Expense			\$275,000		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rooms		24.00%	\$70,761	\$533,277	\$566,587	\$591,423	\$607,969	\$624,629	\$641,404	\$658,293	\$675,297	\$692,415
Cabins		20.00%	\$25,294	\$151,263	\$163,078	\$167,900	\$172,761	\$177,664	\$182,606	\$187,588	\$192,611	\$197,674
Food & Beverage		65.00%	\$95,166	\$659,729	\$701,054	\$767,028	\$786,202	\$804,664	\$825,167	\$845,516	\$866,399	\$887,698
Other		4.00%	\$5,553	\$36,286	\$38,192	\$39,653	\$40,597	\$41,541	\$42,485	\$43,429	\$44,373	\$45,317
Golf Course			\$59,810	\$278,600	\$291,408	\$300,689	\$308,206	\$315,911	\$323,809	\$331,904	\$340,202	\$348,707
DEPARTMENTAL EXPENSE			\$531,584	\$1,659,155	\$1,760,318	\$1,866,692	\$1,915,735	\$1,964,408	\$2,015,471	\$2,066,730	\$2,118,882	\$2,171,811
Undistributed:												
Administrative and General		8.80%	\$52,647	\$420,697	\$438,110	\$453,828	\$465,207	\$476,154	\$487,236	\$498,340	\$509,521	\$520,755
Marketing		6.60%	\$44,468	\$361,746	\$375,434	\$387,052	\$396,267	\$405,483	\$414,698	\$423,914	\$433,129	\$442,345
Franchise Fees		0.70%	\$6,021	\$37,023	\$39,520	\$41,920	\$43,169	\$44,229	\$45,348	\$46,477	\$47,639	\$48,825
Energy / Utilities		3.20%	\$61,656	\$402,872	\$424,033	\$440,250	\$450,732	\$461,214	\$471,696	\$482,179	\$492,661	\$503,143
Property Ops and Maint		5.20%	\$32,692	\$263,972	\$296,956	\$307,764	\$315,092	\$322,420	\$329,748	\$337,075	\$344,403	\$351,731
TOTAL UNDISTRIBUTED			\$197,484	\$1,486,310	\$1,574,053	\$1,630,814	\$1,670,467	\$1,709,500	\$1,748,726	\$1,787,984	\$1,827,353	\$1,866,798
Water Park Expense			\$37,759	\$246,727	\$542,606	\$397,411	\$406,850	\$417,031	\$427,638	\$438,068	\$449,173	\$460,667
OPERATING EXPENSES			\$766,827	\$3,392,193	\$3,876,977	\$3,894,917	\$3,993,052	\$4,090,940	\$4,191,835	\$4,292,783	\$4,395,408	\$4,499,276
Other Expenses												
Management Fees		3.00%	\$28,206	\$167,069	\$179,827	\$191,003	\$196,639	\$201,474	\$206,567	\$211,711	\$217,006	\$222,408
Insurance Expense		1.50%	\$12,903	\$79,335	\$84,686	\$89,828	\$92,504	\$94,776	\$97,174	\$99,593	\$102,084	\$104,624
OTHER EXPENSES			\$41,109	\$246,404	\$264,512	\$280,832	\$289,144	\$296,250	\$303,741	\$311,303	\$319,090	\$327,032
TOTAL EXPENSES			\$807,936	\$3,638,596	\$4,141,489	\$4,175,749	\$4,282,195	\$4,387,190	\$4,495,576	\$4,604,086	\$4,714,498	\$4,826,308
NET OPERATING INCOME			\$132,272	\$1,930,379	\$1,852,729	\$2,191,027	\$2,272,443	\$2,328,599	\$2,389,992	\$2,452,931	\$2,519,025	\$2,587,279
ANNUAL DEBT SERVICE			\$0	\$1,632,500	\$1,632,500	\$1,897,500	\$1,959,250	\$2,022,250	\$2,086,250	\$2,161,000	\$2,230,750	\$2,305,500
Debt Coverage Ratio			#DIV/0!	118%	113%	115%	116%	115%	115%	114%	113%	112%
CASH FLOW AFTER DEBT SERVICE			\$132,272	\$297,879	\$220,229	\$293,527	\$313,193	\$306,349	\$303,742	\$291,931	\$288,275	\$281,779

HONEY CREEK STATE RESORT PARK
PHASE 1 Construction/Opening Cash Flow Analysis
August 4,2006

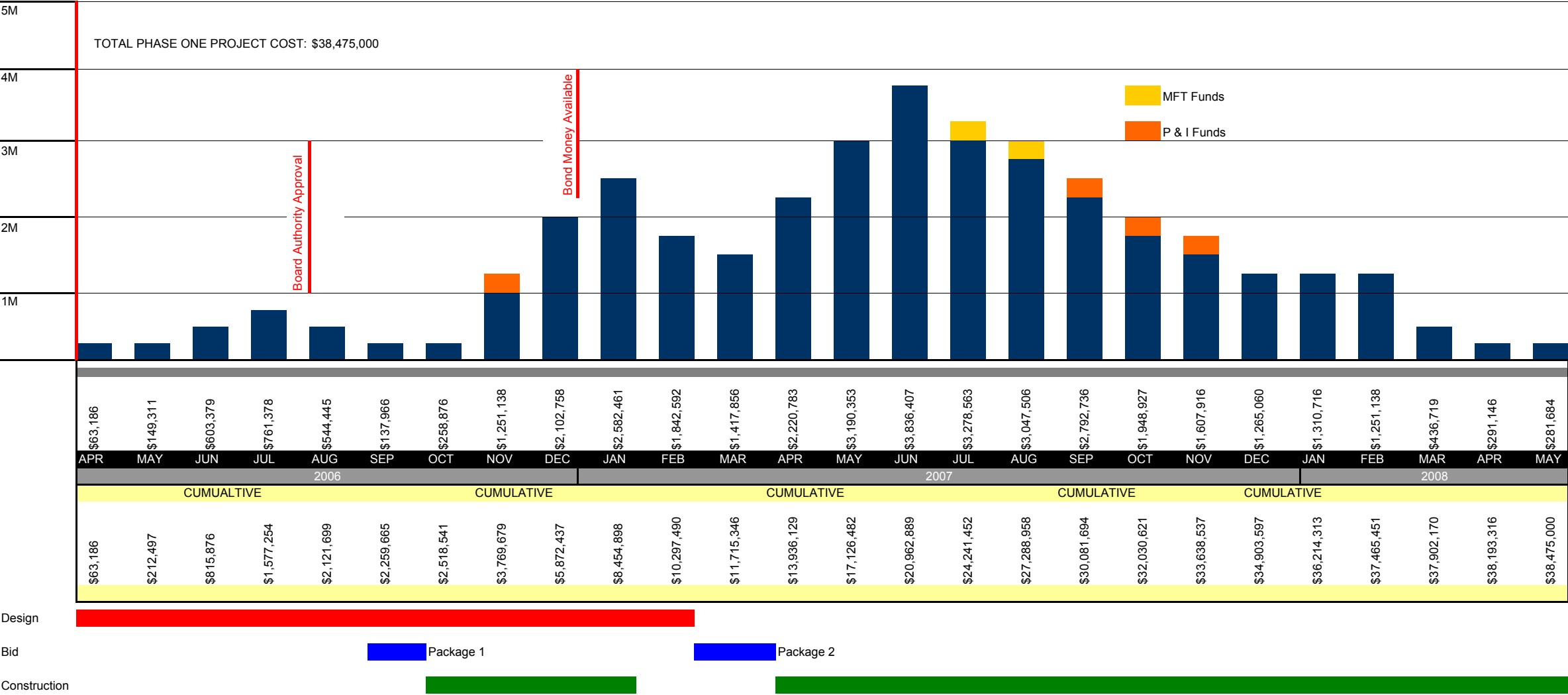
	DATE	CONSTRUCTION DRAWS	OPERATIONAL COSTS*	ADDITIONAL COSTS/CREDITS**	TOTAL COSTS	BOND PROCEEDS	2003 STATE APPROP	2005 STATE APPROP	PRIVATE IN-KIND SERVICES	PRIVATE CASH DONATIONS	DNR MARINE FUEL TAX***	P&I ROAD FUNDS	IOWA VALUES FUNDS	BALANCE
	4/1/2006	(63,186)			(63,186)		600,000							536,814
1	5/1/2006	(149,311)	(11,000)		(160,311)									376,503
2	6/1/2006	(603,379)	(11,000)		(614,379)									(237,876)
3	7/1/2006	(761,378)	(11,000)		(772,378)								1,000,000	(10,254)
4	8/1/2006	(544,445)	(11,000)		(555,445)			1,500,000		2,250,000				3,184,301
5	9/1/2006	(137,966)	(11,000)	(1,055,765)	(1,204,731)				2,055,765					1,979,570
6	10/1/2006	(258,876)	(11,000)		(269,876)			1,500,000						3,209,694
7	11/1/2006	(1,251,138)	(11,000)		(1,262,138)							400,000		2,347,556
8	12/1/2006	(2,102,758)	(11,000)		(2,113,758)	28,000,000								28,233,798
9	1/1/2007	(2,582,461)	(11,000)		(2,593,461)									25,640,337
10	2/1/2007	(1,842,592)	(11,000)		(1,853,592)									23,786,745
11	3/1/2007	(1,417,856)	(11,000)		(1,428,856)									22,357,889
12	4/1/2007	(2,220,783)	(11,000)		(2,231,783)									20,126,106
13	5/1/2007	(3,190,353)	(11,000)		(3,201,353)									16,924,753
14	6/1/2007	(3,836,407)	(11,000)		(3,847,407)									13,077,346
15	7/1/2007	(3,278,563)	(11,000)		(3,289,563)						700,000			10,487,783
16	8/1/2007	(3,047,506)	(11,000)		(3,058,506)						700,000			8,129,277
17	9/1/2007	(2,792,736)	(11,000)		(2,803,736)							600,000		5,925,541
18	10/1/2007	(1,948,927)	(11,000)		(1,959,927)							600,000		4,565,614
19	11/1/2007	(1,607,916)	(11,000)		(1,618,916)							800,000		3,746,698
20	12/1/2007	(1,265,060)	(11,000)		(1,276,060)									2,470,638
21	1/1/2008	(1,310,716)	(11,000)		(1,321,716)									1,148,922
22	2/1/2008	(1,251,138)	(11,000)		(1,262,138)									(113,216)
23	3/1/2008	(436,719)	(11,000)		(447,719)									(560,935)
24	4/1/2008	(291,146)	(1,311,000)		(1,602,146)									(2,163,081)
25	5/1/2008	(281,684)	(11,000)		(292,684)									(2,455,765)
	Not Fundraising			400,000	400,000									(2,055,765)
	Total	(38,475,000)	(1,575,000)	(655,765)	(40,705,765)	28,000,000	600,000	3,000,000	2,055,765	2,250,000	1,400,000	2,400,000	1,000,000	0

* Operational Costs include the \$225,000 in Preopening Expenses for the lodge and the \$50,000 of Preopening expenses spread over the period of the project (\$11,000 a mont over 25 months). The Operational Costs for April 2008 also include \$800K for first two month's payment advance and \$500,000 for the Operational Reserve (required by the bond)

** Additional costs/credits are the additional costs of the utilities, which are accounted for on the funds coming in unter the "private in-kind services" column, the \$400K credit for the fundraising campaign that is not happening (needs to be placed more accurately), and the reimbursable expenses, including travel and on-site management.

*** MFT costs are limited by the expense of the marina and associated features, provided the items paid for with this money are open for public use. Early plans, upon which some of the construction estimates are based, used the \$1.4M figure as what the costs would be.

HONEY CREEK STATE PARK
PHASE 1 CONSTRUCTION SCHEDULE
TSP 08-03-06



HONEY CREEK PREMIER DESTINATION PARK AUTHORITY
PRIVATE DONATION
August 4,2006

SERVICE	AMOUNT	RELEASE APPROPRIATION	ACTUAL ACCRUAL	APPROPRIATION AMOUNT RELEASED
Utilities Installation	\$2,055,798	August 2006 (Contract signed)	Fall 2006	\$1,541,849
28E with Counties and RLR	\$1,250,000	August 2006 (Contract signed)	Upon execution	\$937,500
Loan to RLR	\$1,000,000	August 2006 (Contract signed)	Upon execution	\$750,000
TOTAL	\$4,305,798			\$3,229,349